

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Sisneros Bros. Mfg.

New Mexico Manufacturing Extension Partnership

Sisneros Brothers Manufacturing Company Captures Extra Profits By Implementing Lean Practices

Client Profile:

Sisneros Brothers Manufacturing Co., Inc. was founded in 1990 as a sheet metal ducting supplier and installer serving local residential and small commercial construction. The company originally only installed its own product, but the brothers and their father quickly realized the need for custom ducting. With this realization, they converted the business from strictly manufacturing and selling to include installation and on-site contracting. Sisneros Brother Manufacturing originated as a family business of five people working out of a pick-up truck and carrying their machines to the job-site. The company has evolved to a 45,000 square-foot facility in Belen, New Mexico with 45 full-time employees and an annual sales volume of about \$3.5 million.

Situation:

While Sisneros Brother Manufacturing Company (SBM) was using state-of-the-art methods to fabricate client orders, work-in-process was piled high in various areas of SBM's spacious 45,000 square-foot facility. The staging areas were full of different components waiting to be commingled to form a complete order. Large amounts of finished goods created traffic jams in the spacious facility. The chaos resulted in an increase in lead-times and 30 to 40 orders were in various stages of completion at any given time, always facing the possibility of accidental product damage caused by the amount of work-in-process on the production floor. Rising inventory and excess labor costs eroded the already tight profit margins common in SBM's industry. The company needed help organizing its shop and contacted the New Mexico Manufacturing Extension Partnership (NM MEP), a NIST MEP network affiliate, for assistance.

Solution:

NM MEP introduced lean manufacturing concepts to SBM's principals through its Lean 101 workshop. Lean training helped SBM's President, Martin Sisneros, quickly realize the need to transform production flow that had evolved from a five-man shop to the needs of a much bigger organization. NM MEP led SBM through a value stream mapping project, in which all segments of product and information flow are examined for wastes that cut SBM's profit margin. The company has since applied lean manufacturing techniques to the targeted areas and significantly reduced its lead times and inventory.

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Other follow-on projects have been completed with SBM personnel, and MEP master trainer Diane Morrissey has addressed specific areas of workplace organization. SMB's ultimate goal is to process one complete custom order at a time in the configuration needed at the customer's job-site.

Results:

Reduced lead-times from 6-8 weeks to 3-4 weeks.

Increased profit margins by reducing inventory.

Created more capacity in the plant without increasing capital or labor costs.

Improved customer relations by delivering on-site custom orders.

Generated roughly \$400,000 in new sales in 2002.

Testimonial:

"When we first contacted the New Mexico Manufacturing Extension Partnership, we were convinced we needed a new plant layout. After working with our staff, MEP showed us that flowing our production was the secret to greater profits from our existing customers. Lean really works! Now we can expand into new products using Lean production technology."

Martin Sisneros, President